

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1301 – SB 1358**

March 7, 2011

**SUMMARY OF BILL:** Eliminates the state single article sales tax, which is levied on any amount of the retail price above \$1,600, but less than \$3,200. Increases, from \$1,600 to \$3,200, the maximum retail price that local option sales tax may be levied on any single article.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$40,558,200**

**Increase Local Revenue - \$36,871,100**

**Assumptions:**

- Under current law, local option sales tax can be levied against any single article with a retail price up to \$1,600; the state single article tax can be levied against any single article on the portion of the retail price greater than \$1,600, but no more than \$3,200. This bill will effectively shift state single article tax revenue to local governments.
- According to the Department of Revenue, the state single article tax generated approximately \$38,230,000 in FY09-10.
- The state single article tax rate is currently 2.75 percent.
- Single article taxable sales in FY09-10 were \$1,390,181,818 (\$38,230,000 / 2.75%).
- Three percent average annual growth in single article taxable sales.
- Single article taxable sales in FY11-12 will be \$1,474,843,891 (\$1,390,181,818 x 103% x 103%) under current law.
- The recurring decrease in state revenue will be \$40,558,207 (\$1,474,843,891 x 2.75%).
- The average local option sales tax rate is 2.5 percent.
- The recurring increase in local government revenue will be \$36,871,097 (\$1,474,843,891 x 2.5%)

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc